Outlook

SRF Overburdened Criteria Comment

From Mark Giese <m.mk@everyactioncustom.com>
Date Fri 8/22/2025 10:35 PM
To EGLE-WIFFS <EGLE-WIFFS@michigan.gov>

Dear Director Paul McDonald,

Thank you for providing this opportunity to comment on the Michigan State Revolving Fund definitions of “overburdened” and “significantly overburdened” communities. As the Director of the Finance Division, you understand how critical and consequential these dollars are to the project fund awardees - the utilities and especially, the rate-payors responsible for the cost of safe and clean drinking water.

The Department can further improve these definitions by aligning evidence-based research with program policy. Research shows that the current definition uses criteria that does not accurately capture areas with highest disinvestment and need.

To ensure critical funds reach the most disadvantaged communities, I strongly recommend that EGLE improve the definitions by:

-Eliminating all criteria that use Median Household Income
-Eliminating the use of “Taxable Value per Capita,” and
-Incorporating the percentage of a community in poverty, data that is available through the U.S. Census.

Because SRF funds directly impact a community’s rate payors, it is critical that this definition most accurately reflect the extent of those payors for whom water is increasingly unaffordable.

Thank you again for this opportunity to comment.

Sincerely,
Mr. Mark Giese
Mount Pleasant, WI 53403-3606
m.mk@juno.com

PEOPLE'S WATER BOARD COALITION

Water is life. The People's Water Board Coalition advocates for access, protection, and conservation of water. We believe water and sanitation are human rights and all people require access to safe, affordable water and wastewater provisions. Water is a commons that should be held in the public trust free of privatization. PWBC's mission promotes awareness of the interconnectedness of all people and resources.

August 29, 2025

To: Department of Environment, Great Lakes, and Energy (EGLE)

Re: Public Comments on SRF Overburdened Criteria

The People's Water Board Coalition submits the following recommendations in consideration of changes to EGLE's SRF Overburdened Criteria:

Firstly, we agree with EGLE's recommendations to use the Climate and Economic Justice Screening Tool (CEJST) criteria instead of its current criteria for overburdened qualification determination.

Secondly, we support increasing the Median Annual Household Income (MAHI) criteria to 1.5% to improve limited funding access to more impacted water systems when assessing the costs of the proposed project.

Thirdly, we believe the addition of a poverty threshold factor of at least 80% below the statewide MAHI assessments of the cost of proposed drinking water system projects will improve concerns in disproportionately impacted communities.

Lastly, on scoring, we suggest these criteria be incorporated to improve outcomes for overburdened water systems:

A. Include a scoring factor in consideration of the age of the municipal water system, i.e., older systems would receive priority.
B. Include a scoring factor that allows for points to a low income water, wastewater, and other stormwater/drainage system that previously has not received or has received only minimal SRF funding due to inadequate technical assistance and capacity at the local level.
C. Include a scoring factor for community water systems that have a large percentage of lead service line inventories in need of replacement, i.e., high percentage systems would rank higher than those with low percentage totals.

With appreciation and regard,

Sylvia Orduño

Sylvia Orduño
Director

PeoplesWaterBoard.org PeoplesWaterBoard @PeoplesWaterDet
PO Box 21333, Detroit, MI 48221 · 23 E Adams St, Detroit, MI 48226
Maureen Taylor, President · Nayyirah Shariff, Membership Secretary

Mark Conradi, Financial Specialist
Water Infrastructure Funding and Financing Section
Finance Division
Michigan Department of Environment, Great Lakes, and Energy
Submitted via email to EGLE-WIFFS@Michigan.gov

RE: Comments on the Draft SRF Affordability Criteria Definitions

Dear Mr. Conradi:

Thank you for the opportunity to provide feedback on the definition of “overburdened communities” and “significantly overburdened communities,” which will be used to inform project prioritization for the state revolving fund. I am submitting comments on behalf of We the People of Detroit. We the People of Detroit is a nonprofit organization who works to ensure that every person has uninterrupted access to clean, safe, and affordable water throughout the state of Michigan and beyond. In engaging in the state revolving fund process, we would like to raise some of the issues we see with community engagement, the disadvantage communities definition, data, and transparency.

Community Engagement
As the review cycle for the disadvantaged communities definition is defined and limited by statute, it is important that we have a rich and robust process for capturing all voices and experiences. The current comment period is too short when considering the frequency of the years at most. Communities need more time to engage and respond.

Disadvantaged Communities Definition
The past disadvantaged communities definition was overly inclusive. While this draft is somewhat more narrow, there is room for further refinement. This can be done by including more elements of MCL 324.5303a to ensure that funding reach the

communities who are most in need of funding – particularly communities with a history divestment and disinvestment and those with crumbling infrastructures, which are at grave risk of and currently experiencing negative impacts to public health.

Data & Transparency

It is necessary for the water utilities to provided (and the state agencies to require) data regarding public health, affordability, infrastructure challenges, and other quality of life determinants related to water. It is important to not that public health extends beyond water treatment and that affordability must be evaluated down to the individual, then aggregated, household level. Water departments already have this data. It is critical to the state, those who provide direct services, community members, and others to have this data to provide informed feedback. Further, at the state level, we need data related to the previous three years of state revolving fund projects and implementation to evidence the success of the disadvantaged communities definition and to provide informed feedback during the comment period.

Future Focus

There is a data sharing and work model that is being implemented by several organizations, states, government agencies, and municipalities called co-governance. This model allows communities to have input to co-work and co-build projects. There is an inherent process of honoring the knowledge and genius of the community and using that in collaboration with the government or non-profit entity to produce an outcome that is better that the sums of the parties' input – synergy. Citizen science has been proven to be rigorous and scientifically sound.

In our work, we have produced books and reports that have been used by universities across the nation, one of which – *Mapping the Water Crisis The Dismantling of African American Neighborhoods in Detroit: Volume One* – is in the United States Library of Congress. I mention this to evidence the need for us to take the next three years to co-create a process that moves Michigan – and thereby the Great Lakes – forward. We have the potential to serve as a leader and national model for administrating the state revolving fund, protecting public health, and safeguarding our precious water resources.

In commitment to building the Beloved Community,

Norrel Hemphill,
Legal and Public Policy Manager

August 22, 2025

Paul McDonald
Mark Conradi
Finance Division
Michigan Department of Environment, Great Lakes, and Energy
Sent via Email to EGLE-WIFFS@Michigan.gov

Response to EGLE re: 2025 Freshwater Future Comment on SRF *Overburdened Community* definition

Dear Director McDonald and Mr. Conradi,

Thank you again for the opportunity to provide feedback on the definition of "overburdened communities" and "significantly overburdened communities" to inform project prioritization and awarding subsidized water infrastructure funding. During the presentation at the public hearing on August 11, 2025, it was beneficial to receive a thoughtful response to one of our recommendations.

However, we respectfully re-submit that the poverty percentage should replace median household income (MHI), taxable value per capita, and annual user cost as a percentage of MHI as the basis for defining overburdened and significantly overburdened communities. While we recognize EGLE's effort to "tighten" eligibility, the rationale presented for continuing to rely on MHI and taxable value is inconsistent with EGLE's analysis showing clear poverty-rate separation.

During the presentation at the public hearing on August 11, 2025, EGLE stated that the poverty percentage lacked a distinct cutoff line that differentiated applicants. However, EGLE's results show a clear, stepwise progression:

- Not overburdened communities have a median poverty rate of around 14%.
- Overburdened communities have median poverty rates closer to 20%.
- Significantly overburdened communities have median poverty rates of nearly 30%.

Furthermore, EGLE's presentation at the public hearing on August 11, 2025, suggested that the combination of MHI and taxable value "gets about the same spread of poverty rates" as directly using the poverty percentage. If that is the case, then layering multiple weaker indicators on top of each other is unnecessary. It creates complexity without added precision, burdens applicants with blended calculations, and risks masking hardship among the poorest communities. Percent poverty is a direct measure of economic stress, widely understood by communities and policymakers alike, whereas MHI and taxable value per capita lack clarity and strong research foundations in this context.

Additionally, during the presentation at the public hearing on August 11, 2025, EGLE stated that the central rationale for using taxable value per capita was that it indicates the financial capacity of a community. However, poverty percentage already signals this: higher poverty rates correspond directly to weaker tax bases and reduced ability to finance infrastructure improvements (Manville & Kuhlmann, 2016). Introducing taxable value per capita as an affordability proxy adds complexity without empirical support: MHI metrics systematically understate hardship among low-income households (Cardoso & Wichman, 2022), and peer-reviewed literature calls for more direct measures of water burden, with no evidence supporting property-tax proxies (Teodoro, 2018).

Moreover, the U.S. EPA (2022) states that while many states use %MHI in their disadvantaged community definitions, this criterion was never intended to be used in this manner and has since been misconstrued as an EPA standard for measuring household affordability (Teodoro & Saywitz, 2020). Thus, it is well-documented that %MHI poorly correlates with poverty and hides disparities in communities with significant income gaps (Czerwinski et al, 2017). User cost as a % of MHI compounds the problem by smoothing over the experience of low-income households who feel the sharpest rate burdens. Continuing to center SRF affordability criteria on MHI risks systematically under-identifying the very communities the statute intends to prioritize.

To this end, EGLE noted that under current rules, 87% of applicants qualified as overburdened or significantly overburdened, while under the draft criteria, only 58% would qualify. EGLE explained this change as a response to concerns that "with so many people qualifying, the people most in need were not able to qualify."

While we recognize this concern, the solution cannot be to adopt indicators that mask hardship. Tightening eligibility should be achieved by setting clear, evidence-based thresholds using poverty percentage, not by retaining weaker measures like MHI or taxable value per capita. Poverty rates provide the necessary differentiation while ensuring communities in the most need are not excluded and that blended calculations do not burden applicants.

We recommended these poverty thresholds:

- **Overburdened:** 20–30% poverty rate (U.S. Department of Agriculture ERS, 2025; Krieger et al., 2023; Krieger et al., 2025).
- **Significantly Overburdened:** >30% poverty rate (Cortright & Mahmoudi, 2014).

These thresholds align with both EGLE's results and federal research.

Poverty percentage is simple, evidence-based, and transparent. It differentiates applicants clearly, captures both household hardship and tax base limitations, and is widely used across federal programs. Retaining MHI, taxable value, or user cost % of MHI adds complexity without improving accuracy, and risks excluding communities in the most need.

We urge EGLE to fully replace MHI and taxable value with poverty percentage in the FY 2027 criteria.

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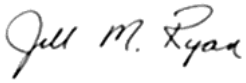
Freshwater Future thanks the SRF staff of EGLE for their hard work in ensuring local communities meet Safe Drinking Water Act requirements while keeping water affordable for ratepayers within participating communities. While it is challenging to create a perfect definition of overburdened communities and significantly overburdened communities, there are critical improvements that, if implemented, can ensure these funds keep basic life-sustaining water services flowing in the most disadvantaged communities. If you have any questions, please do not hesitate to contact Kristen Haitaian at Kristen@freshwaterfuture.org.

Sincerely,



Jill M. Ryan

Executive Director

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August 7, 2025

Paul McDonald
Finance Division
Michigan Department of Environment, Great Lakes, and Energy
Sent via Email to EGLE-WIFFS@Michigan.gov

Re: Comment on Improvements to the State Revolving Fund Definition of *Overburdened Community*

Dear Director McDonald,

Thank you for this opportunity to comment on updating the definition of *overburdened community* for the State Revolving Fund (SRF) award process.

Freshwater Future, a binational 501(c)(3), is a catalyst for community action that strengthens policies designed to safeguard the waters of the Great Lakes region, from source to tap. Access to SRF funds as a disadvantaged community is a gamechanger for the municipalities that struggle to keep water safe and affordable and cannot access the bond market. Understandably, there is high demand for these funds, especially as the extra Investment and Infrastructure Jobs Act (IIJA) funding winds down. In the next couple years, competitions will ramp up when the program returns to pre-American Rescue Plan Act (ARPA) and pre-IIJA base funding, if not significantly less. Limited SRF funds need to reach those that truly need it the most and minor updates to the criteria can go a long way to achieve that outcome.

Updating the definition consists of focusing on eliminating the weaker indicators that lack a research base and may not be statistically sensitive, and adding percentage in poverty. This update will strengthen the integrity of the definition to ensure limited funds are equitably awarded.

Recommendation One

Remove Median Household Income (MHI), Taxable Value per Capita (TVPC) and Annual User Cost as a Percentage of Median Household Income (%MHI) as criteria.

Rationale

The distribution of incomes and property values within a water system's service area are skewed by wealthier households and density of business properties, as reflected in MHI and TVPC. A poorer tax base with lower property values and incomes may not be able to tolerate rate increases for water infrastructure, but if the utility does not qualify as an overburdened community, then additional financial burden will fall on those ratepayers. In a state rich with lakefront property, there is a stark socioeconomic contrast within lake communities that could be obscured by current criteria. Additionally, all three criteria lack an evidence base that supports use in this context and will be individually addressed below.

Median Household Income

Median Household Income (MHI) is one of the most commonly used criteria among the states' SRF programs. However, there are indicators with stronger specificity to ensure the most disinvested and disenfranchised communities face less competition for funds. A 2017 white paper reviewed existing criteria used for the Clean Water SRF and found that it poorly correlates to poverty or other measures of economic need, it lacks statistical sensitivity across diverse populations, and obscures the impact of rate increases among the poorest residents (Czerwinski et al, 2017).

Annual User Costs as Percentage of MHI (%MHI)

U.S. EPA (2022) states that while many states use %MHI in their *disadvantaged community* definitions, this criterion was never intended to be used in this manner and has since been misconstrued as an EPA standard for measuring household affordability (Teodoro & Saywitz, 2020). In fact, researchers were unable to find any documented basis - theoretical or empirical - for the EPA's original use of %MHI for the sake of negotiating regulatory compliance (Teodoro, 2018). Additionally, Teodoro (2018) explains that "as income stratification in a community increases, the degree to which %MHI masks potential affordability problems increases (p. 17). Far from the only voices expressing concern, the Panel of the National Academy of Public Administration reported that many other stakeholders, such as industry groups, academics, and consultants, have also opposed this metric, and that many suggest focusing on low income users' income instead (Czerwinski et al, 2017).

Taxable Value Per Capita

TVPC is a criterion unique among the nation's SRF programs. While these data meet certain requirements valued by the division's finance department (i.e. updated annually and data available for all communities), it is also easily skewed by wealthier landowners and, as far as we can tell, is wholly absent from academic literature as a measurement of community poverty.

Recommendation Two

We strongly recommend using the community's poverty rate as a qualification for both *overburdened* and *significantly overburdened communities* definitions. Based on ranges used within peer-reviewed studies and federal research, we suggest the following definition thresholds for percentage of community in poverty:

Overburdened: The project area's poverty rate should be 20-30% (U.S. Department of Agriculture ERS, 2025; Krieger, et al., 2023; Krieger, et al., 2025).

Significantly overburdened: The project area's poverty rate should be over 30%. (Cortright and Mahmoudi, 2014).

Rationale

As previously cited in Recommendation One, measures of poverty are more accurate and sensitive to capturing the communities with the strongest need for SRF funds. The NAPA white paper interviewed stakeholders and reviewed the literature base to highlight alternatives to MHI or %MHI and many concluded that measures of poverty will better capture the communities with vulnerable low-income rate-payers (Czerwinski. S.J., et al, 2017).

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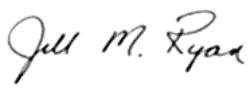
Freshwater Future thanks the SRF staff of EGLE for their hard work ensuring local communities meet Safe Drinking Water Act requirements while keeping water affordable for ratepayers within participating communities. While it is challenging to create a perfect definition of *overburdened communities*, there are critical improvements that, if implemented, can ensure these funds keep basic life-sustaining water services flowing in the most disadvantaged communities. If you have any questions, please do not hesitate to contact Kristen Haitaian at Kristen@freshwaterfuture.org.

Sincerely,



Jill M. Ryan

Executive Director

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WRC
WATER RESOURCES COMMISSIONER
Jim Nash

August 12, 2025

Mr. Paul McDonald, Finance Division Director
Michigan Department of Environment, Great Lakes, and Energy
Finance Division - Water Infrastructure Funding and Financing Section
Deborah A. Stabenow Building
525 West Allegan Street
P.O. Box 30473
Lansing, MI 48909-7973

Re: SRF Overburdened Criteria Comment

Dear Mr. McDonald:

As the Oakland County Water Resources Commissioner, I appreciate the opportunity to comment on the State Revolving Fund (SRF) Overburdened Community scoring criteria. In my role as a countywide elected official, it is my responsibility to protect public health and safety by managing drinking water, sewer, and stormwater systems throughout Oakland County. My staff performs operations and maintenance on sewer and water infrastructure for approximately two dozen cities, villages and townships including billing and customer service support. Several of these communities – most notably Royal Oak Township and the City of Pontiac – are significantly overburdened.

Because I am intimately familiar with the challenges faced by these two municipalities, I must oppose the proposed revision to the income eligibility threshold for drinking water, sewage treatment works, and stormwater treatment projects. The proposed revision would reduce the qualifying threshold from 100% to 80% of the statewide median household income and apply it only to areas where the costs are directly assessed. In short, the proposed change would make it harder – not easier – for overburdened communities to qualify for essential water infrastructure support. This is especially critical for overburdened communities with aging infrastructure, limited tax bases, and urgent public health needs. That's why I'm urging the Department to reject this proposal and instead take steps to broaden access to funding for disadvantaged communities.

Under the current scoring criteria, overburdened status is based on the service area of a project. The proposed revision reduces the service area and limits it to just the area being assessed. This methodology punishes overburdened municipalities served by regional systems. I believe this policy is counterintuitive because EGLE has been actively promoting consolidation and regionalization of the numerous, fragmented, and unsustainable public water systems spread throughout the state. Consolidation is a prudent, forward-looking initiative that promises water customers improved technical and operational capacity for the system as well as increased economies of scale. It also begins to address the problem of water affordability by distributing costs across a wider customer base. Unfortunately, the current scoring criteria disincentivizes overburdened communities from participating in regional efforts.

For example, the City of Pontiac sends its wastewater to be treated at the Clinton River Water Resource Recovery Facility (Facility). Oakland County acquired this facility in 2011 and, with significant upgrades, has transformed it into a regional asset that serves Pontiac as well as 12 of its neighboring municipalities. This state-promoted regionalization effort has increased service reliability, reduced costs, and improved rate-stability throughout the service area. However, it has also made potential SRF-funded projects at the Facility ineligible for overburdened or significantly overburdened designation. This negatively impacted a $38 million investment that improved water quality while simultaneously lowering disposal costs, biosolid volume, and carbon emissions. Such an adverse impact makes little sense, especially when considering that Pontiac accounts for 55% of the annual flow to the Facility.

To overcome this problem, I recommend that projects for regional systems receive points for overburdened or significantly overburdened status based on the proportion of their service area that is overburdened. For example, Pontiac accounts for 55% of the flow to the Facility and is historically significantly overburdened. It would have scored 25 points in this category on its own. However, under a proportional scoring system, the improvement project mentioned above would receive just 14 points, or 55% of the 25 points it actually deserves. Additionally, these systems should benefit from interest-rate reductions and principal forgiveness. I suggest that if the percentage of customers within a project's service area is greater than 50% overburdened or significantly overburdened, then the entire project should receive the same level of interest-rate reduction and principal forgiveness. This would more reasonably capture the nuance of regional-system customers without punishing overburdened communities for participating in system-consolidation efforts.

Additionally, the SRF application process should be streamlined to reduce the overall burden to apply. Currently, communities and utilities applying for SRF funding must fill out an extensive application and provide considerable data, staff time, planning, documentation, and funding for a loan they might not receive. The process is so cumbersome that some applicants pay $20,000 to $35,000 per application to third-party engineering firms just to complete the process. Ideally, the process should be straightforward enough so in-house staff can complete an application on their own.

Finally, I'm convinced that rejecting revisions to the income-eligibility threshold and amending scoring criteria would greatly benefit overburdened communities while promoting the state's interest in system consolidation. This can be accomplished by providing proportional scoring and greater access to interest-rate reductions and principal forgiveness for regional systems.

Thank you for your consideration of these comments.

Sincerely,

Jim Nash

Outlook

Fw: SRF Overburdened Criteria Comment

From Hurley, Luke (EGLE) <HurleyL3@michigan.gov>
Date Mon 8/11/2025 1:43 PM
To Green, Kelly (EGLE) <GreenK1@michigan.gov>; Conradi, Mark (EGLE) <CONRADIM@michigan.gov>

New comment came in during the hearing.

Best,
Luke Hurley

From: Sabrina Edgar <s.edgar@villageofgrasslake.com>
Sent: Monday, August 11, 2025 1:39 PM
To: EGLE-WIFFS <EGLE-WIFFS@michigan.gov>
Subject: SRF Overburdened Criteria Comment

Good afternoon,

Thank you for the opportunity to comment.

I'd like to suggest that criteria consider the proposed project effect on the affordability ratio.
For example:
A community has a current affordability calculation of 1.3%.
The cost for a necessary project would increase this number to exceed 1.5%.
The community would not be considered overburdened at the time of the SRF application; however the proposed project would create an overburden for the community according to the criteria.

Thank you,
Sabrina Edgar
Village Manager
Village of Grass Lake
119 North Lake Street, P.O. Box 737
Grass Lake, Michigan 49240
Phone: 517-522-4550

August 29, 2025

Mark Conradi, Financial Specialist
Water Infrastructure Funding and Financing Section
Finance Division
Michigan Department of Environment, Great Lakes, and Energy
Via email EGLE-WIFFS@Michigan.gov

RE: Comments on the Draft SRF Affordability Criteria Definitions

Thank you for the opportunity to comment on the Draft Affordability Criteria Definitions published on July 18, 2025, by the Michigan Department of Environment, Great Lakes, and Energy ("EGLE")[1], which define "overburdened" communities in Michigan's State Revolving Fund (SRF) programs. These comments are submitted on behalf of Flint Rising, We the People of Detroit, The Benton Harbor Community Water Council, Wisdom Institute, Alliance for the Great Lakes, American Rivers, and WaterNow Alliance. We are independent organizations with shared and similar priorities to improving the administration of Michigan's SRF program. We want to thank EGLE for past engagement outside of comment periods and want to continue engaging outside of comment periods in general, and specifically if there are aspects of what is presented below that cannot be addressed in the current process or are best addressed through additional follow-up/in future 3-year revisions.

Our comments below are divided between recommended changes to the overburdened definition, reactions to proposed changes, and suggestions for analyzing the impact of the overburdened definitions.

SUMMARY OF COMMENTS

We recommend that EGLE consider revising the current metrics used to assess overburdened status. Different general factors can be more administrable and create more straightforward guidelines for applicants. We suggest alternative metrics and emphasize untapped flexibilities within federal legislation for states to define overburdened communities. Ultimately, we request that EGLE evaluate the effects of these changes to support evidence-based modifications in future iterations of the overburdened definitions.

[1] The New SRF Affordability criteria landing page and other process information can be found through: https://www.michigan.gov/egle/regulatory-assistance/funding/fd/state-revolving-fund/affordability-criteria/new-affordability-criteria-development

RECOMMENDED CHANGES

We recommend that EGLE replace taxable values per capita[2] as a determinant factor for identifying overburdened and significantly overburdened communities. This metric may be interpreted in different ways that obscure a municipality's ability to repay SRF loans, which in turn runs contrary to the point of this metric in the first place. For example, in a scenario where aggregate taxable values are high due to a dense urban center, taxable values per capita punish households outside of the urban center living in lower-valued real estate. This impact is due to the aggregate use across a non-uniform community. As a collective, the average taxable values would discount a community from qualifying for overburdened status, working against potentially some of the most disadvantaged residents of such a community.[3]

We believe that Michigan's approach to assessing overburdened status could benefit from exploring the economic metrics utilized by neighboring states (taken up in more detail below), as we are not aware of any other state SRF program employing this specific metric. Additionally, the rationale of linking taxable values to a community's capacity to fund water infrastructure may warrant reconsideration. This is primarily because property taxes are largely allocated to essential services such as education, emergency response, and public transportation. It may be more constructive to consider the financial pressures already faced by localities rather than suggesting they tap into strained resources.

We recommend that EGLE adopt alternative metrics to determine overburdened status, including unemployment rates, the percentage of residents receiving SNAP benefits, the share of families or households in poverty, and population trends. Neighboring states (Iowa, Ohio, and Wisconsin) use similar metrics, which could inform how EGLE tailors the metrics to the Michigan environment. **Other metrics include the share of single-mother households with children under 18 and households with seniors, which are acutely impacted by water issues that lower-cost system investments could alleviate.** Alternative measures can draw from Michigan-specific databases and or agencies, including:

- EGLE can supplement Michigan-based unemployment data with other unemployment data, like unemployment insurance claims.

- EGLE should consider the prevalence of SNAP users as one alternative way to evaluate poverty in a community.

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[2] Taxable values per capita is the per person average taxable value of a community's real estate or home values. Taxable value is the amount on which property taxes are levied. Our understanding is that EGLE interprets higher taxable values per capita as a measure for approximating a community's ability to raise public funds to support public need like infrastructure investments.

[3] At the same time, considering how taxable values are calculated in Michigan (i.e., at the point of transfer/sale), the ongoing housing stock shortage in the United States is driving up house values and inflating their actual cash value. As a result, taxable values are similarly inflated, which could discount communities experiencing active gentrification from qualifying for an overburdened status.

- We strongly urge EGLE to consider the prevalence of households on fixed income, such as social security beneficiaries, in the state.

The aforementioned metrics all relate to income measures, which, taken together, can provide a more comprehensive perspective of a community's ability to repay SRF loans and, therefore, can inform decisions about determining overburdened status. Recognizing the constraint of county-level data that may not fully align with a service boundary, we urge EGLE to explore methods to 'blend' values as it currently does for regional and smaller water systems.

We recommend that EGLE replace the current practice of comparing Median Household Income (MHI) with the Federal Poverty Level (FPL). MHI does not fully capture the diversity of communities experiencing affordability challenges. This is especially true for applicant-communities that contain small areas for which MHI is not calculated/available due to privacy concerns. Moreover, comparing MHI against FPL (blending the two metrics), as EGLE currently uses it for purposes of gauging whether an applicant is significantly overburdened, does not account for those small areas since this measuring issue remains. We request that EGLE provide a more detailed explanation to justify the use of this blended metric, along with considering other available metrics discussed in these comments.

We recommend that EGLE explore flexibilities in federal statute to determine hardship or overburdened status. The Clean Water Act (CWA) empowers state SRF administrators such as EGLE to provide "additional subsidy" in the form of principal forgiveness and grants, among other options. EGLE, like most SRF programs, provides additional subsidy to applicants that meet its affordability criteria. The Clean Water Act also expressly authorizes EGLE to provide additional subsidization to applicants that do not meet the affordability criteria measured at the community level when that subsidy would directly benefit lower-income residents. (33 U.S.C. § 1383(i)(1)(A)(ii).)

We recommend that EGLE explore this alternative pathway to additional subsidization as part of the affordability criteria updates. This authority embedded in the Clean Water Act achieves the same purpose of the affordability criteria—providing a basis for awarding additional subsidy. In this regard, it is worth noting that EPA's Environmental Financial Advisory Board (EFAB) recently released a report on water affordability that focused, in part and at EPA's request, on the under-utilization of Section 1383(i)(1)(A)(ii):

> [T]he CWA directs that additional subsidy can be provided to communities seeking SRF loans that do not meet the community-level CWA affordability criteria if other specific metrics are met, including undue hardship to low-income ratepayers resulting from a CWSRF loan. This provision has been identified as a tool that could help address a key challenge that large utilities often face; having substantial low-income populations within their service areas that would, on their own, qualify for additional subsidy, but the overall higher income of the community precludes these utilities from being eligible for SRF additional subsidy awards.

(EFAB, Advancing Water Affordability Nationwide: A Framework for Action (2025) at 13, https://www.epa.gov/system/files/documents/2025-01/efab-water-affordability-report.pdf) Providing additional subsidization to cities and water utilities that demonstrate that the subsidy will directly benefit

individual residential ratepayers who would otherwise experience significant hardship would help ensure more underserved areas benefit from the CWSRF.

We recommend that EGLE launch an effort to map water system service boundaries available to the public, similar to the Median Annual Household Income and Taxable Values Per Capita database on the SRF website. We acknowledge and agree that this initiative would be a years-long process, but we maintain that service boundary maps would help EGLE staff communicate – and utility applicants and advocates understand – the rationales for overburdened status. EGLE can build on the progress of the Funding and Financing Dashboard by layering service boundaries along with overburdened status and all its determining metrics. This approach also helps track which households in a water system are directly assessed and benefiting from past and proposed infrastructure projects.

REACTIONS TO PROPOSED CHANGES

We commend EGLE for refining the definition of overburdened communities to result in a smaller pool of qualifying applicants. Our concern was that a broader definition resulted in a large pool of qualifying communities and subsequently contributed to a smaller amount of additional principal forgiveness subsidy available per applicant. Upon reviewing the FY2025 IUP, we found that approximately one-third of the overburdened applicants within the fundable range would no longer meet the new criteria. To help ensure the most overburdened communities receive meaningful levels of principal forgiveness, **we also recommend that EGLE increase the maximum principal forgiveness per applicant available to both overburdened and significantly overburdened applicants, retaining tiering between these categories as well**. Given that the federal funding from the Bipartisan Infrastructure Law will expire in 2026, we urge EGLE to at least raise the maximum principal forgiveness per applicant for the FY2026 program year.

ANALYZING THE IMPACT OF DEFINITIONS

Recognizing delays in project implementation while the current definitions were in effect (FY2024-2026), and a lag in the relevant annual reports, **we recommend that, when final award data is available, EGLE publish a detailed analysis of the actual outcomes (as described in more detail below), and compare to an analysis applying the new definitions that result from this process to the same applicants.** That analysis would provide insight into how those awards and applicants *would have* fared, had the new definitions been in place. **EGLE should then leverage findings to support data-informed revisions to the definitions in the next iteration, i.e., revisions affecting the SRF program in FY2030-2032. We recommend this practice for each iteration of overburdened revisions.**

We appreciate that EGLE published an overview of statistics from FY2024 and FY2025 to support the exploration of revisions. However, the information EGLE provided does not clarify the basis and impact of its proposed revised affordability criteria. (The statistics for Taxable Value Per Capita, Median Annual Household Income, and Average Resident Equivalent User costs, are provided in totals/average or aggregate form for all applicants in the FY2024 and FY2025 IUPs.)

EGLE should separate and present information of final SRF awards by year into non-overburdened, overburdened, and significantly overburdened applicants, including binning by the Clean Water and Drinking Water SRF program. Presenting statistics this way would allow independent evaluation of the overburdened and significantly overburdened definitions and support separate revisions. Moreover, we recommend that the analysis of the definitions provide median, rather than average, statistics to control for skewed data. We recommend that EGLE's analysis quantify outcomes to the extent feasible, complemented with qualitative explanations and narratives, including identifying any perceived limitations identified by EGLE staff in implementing the full set of criteria outlined in Section 5303a (3) of Public Act 132 of 2022.

CONCLUSION

We encourage the agency to continue strengthening and expanding its affordability framework to reflect the realities of vulnerable communities across our state, rural, suburban, and urban alike. Improved data, more nuanced economic and health metrics, strong support for disadvantaged communities, and transparent review and reporting mechanisms will help ensure water infrastructure resources flow where they are most needed.

Thank you for your consideration. We look forward to collaborating on equitable, health-protective, and sustainable water solutions for all.

Respectfully submitted,

Shanyn Viars
American Rivers

Raquel Garcia
Southwest Detroit Environmental Vision

Meleah Geertsma
Alliance for the Great Lakes

Caroline Koch
WaterNow Alliance

Nayyirah Shariff
Flint Rising

Norrel Hemphill
We the People of Detroit

Rev. Edward Pinkney
The Benton Harbor Community Water Council

LaTanya Bell
Wisdom Institute

Outlook

Fw: Public Hearing Comment

From Hurley, Luke (EGLE) <HurleyL3@michigan.gov>
Date Mon 8/11/2025 2:05 PM
To Conradi, Mark (EGLE) <CONRADIM@michigan.gov>; Green, Kelly (EGLE) <GreenK1@michigan.gov>

See below.

Best,
Luke Hurley

From: Shane Peterson <speterson@fveng.com>
Sent: Monday, August 11, 2025 1:47 PM
To: EGLE-WIFFS <EGLE-WIFFS@michigan.gov>
Subject: Public Hearing Comment

Does EGLE have the data to show what existing municipal utility rates are across the state and counties? I think having data points of what the existing rates (water, sewer, etc) are for a said municipality compared to other communities in the area of similar size, would be helpful in determining what “affordable” would be. Although the proposed rates after a project is implemented may not exceed the criteria of 1.5% of MAHI, I think it would be helpful to look at the hike in percentage from existing to proposed. For example, if the existing monthly water rate per REU of a community is at $25 per month (.06%), and say the MAHI for that community is $50,000, and the proposed rate after the project is implemented is at $62.50 per month (1.5% of MAHI), the average rate payer would be looking at a 150% increase to their water bill, which may not be affordable for that community. Therefore, I think looking at the proposed rate increase, and capping the percentage of that rate increase to 50%, would be helpful in determining overburdened status as well. Often times, new municipal administrators inherit a system that has historically failed to implement reasonable rate increases, and therefore implementing a rate increase over 100% would be extremely unpopular.

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Outlook

SRF Overburdened Criteria Comment

From Andy Campbell <acampbell@bendzinski.com>
Date Thu 6/12/2025 1:19 PM
To EGLE-WIFFS <EGLE-WIFFS@michigan.gov>

Hello,

My comment revolved around the disadvantaged calculation cliff that currently exists in the calculation. If a community is $1 above the State's MAHI, they can't be overburdened by definition. This creates a very difficult situation to explain to those communities that might be just above the State's MAHI, but have high user rates. As a financial advisor, I would argue that a community slightly above the State's MAHI but having to charge 2% of MAHI for the user rates is more overburdened than a community slightly below the State's MAHI and only charging 1% of MAHI. Therefore, I am proposing the following calculation:

Anyone above 150% State MAHI does not qualify.

For all others at or below 150% of State MAHI:
Community's MAHI x 0.0150 = Yearly rate (with project included) to be considered overburdened

This would create an easy calculation for all and also a moving calculation that would account for varying MAHI levels and the requirement for each community to be above 1.5% of their own MAHI to be considered overburdened.

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